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December 11, 2009

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Arizona Corporation Commission  
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Phoenix, Arizona 85007

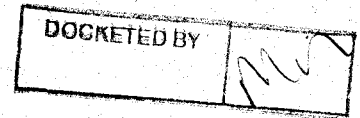
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AZ CORP COMMISSION  
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Arizona Corporation Commission  
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DEC 11 2009

**RE: Docket Number RE-00000C-09-0427, Energy Efficiency Standard**



Dear Chairperson Mayes and Members of the Arizona Corporation Commission:

We appreciate the Arizona Corporation Commission's significant commitment to promoting energy efficiency and renewable energy. Your efforts will significantly advance measures that will help Arizona reduce its emissions and water use, plus provide jobs at a time when we desperately need them.

We especially appreciate your recent work to develop rules for an Energy Efficiency Standard and encourage the Commission to move forward with a strong standard that significantly increases energy efficiency in our state.

As you know, energy efficiency offers an immediate, proven and important step consumers and businesses can take to reduce energy use, save money, create jobs, stimulate the local economy and reduce the overall energy cost of electric energy services. Energy efficiency costs less than other energy resources, helps to reduce peak loads, and can alleviate the need for some new transmission and distribution investments.

In addition, energy efficiency offers significant environmental benefits to air quality and public health as it is the cleanest energy resource. Investments in effective energy efficiency measures will help reduce criteria air pollutants, carbon dioxide emissions that contribute to global warming, and hazardous air pollutants. Efficiency measures will also help reduce water consumption associated with most other traditional energy generation – wind and solar photovoltaic or solar thermal with dry cooling use limited water as well.

There are many improvements in the draft rule and we appreciate all the work that Staff and the Commission have done on it. There continue to be some issues that must be addressed, however. The Energy Efficiency Standard rule should do the following:

1. Clearly state that the savings percentages in the rule will achieve the equivalent of at least 20% energy savings as a percent of retail sales in 2020 from energy efficiency, with a credit of up to 2% for demand response. The current draft includes annual percentages, but no clear mention of the cumulative impact. It also eliminates the credit for demand response, which is likely essential for broad buy in and support of the rule.
2. Encourage utilities to go beyond the base requirements to benefit residential and business customers.

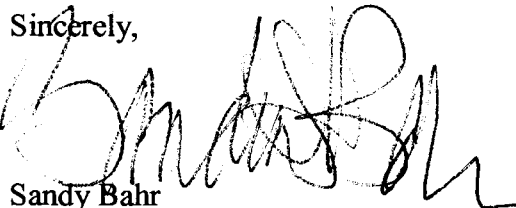
3. Authorize a performance incentive, but do not include the specific performance incentive in the rule. The details for the performance incentive should be determined in the Commission's reviews of energy efficiency implementation plans or in rate cases considering circumstances and experience as they change over time. The current draft locks it in and would make it difficult to change over time, based on experience.
4. Adjust the annual percentages to provide the utilities an opportunity to ramp up energy efficiency programs in the early years, but ensuring that the rule achieves at least 20% in energy savings by 2020.
5. Continue to ensure a transparent process which includes opportunities for broad public participation.

The draft rule includes pie charts for all the surcharges in 2409(E). We assume this is to ensure full disclosure. If that is indeed the case, then there should also be disclosure on customers' bills relative to how much they are paying for coal, nuclear and other resources.

Again, we applaud the Commission for its commitment to a clean energy economy for Arizona and specifically to this proposed energy efficiency standard rule. By increasing cost-effective energy efficiency program requirements, Arizona will better incorporate the quickest, cheapest and cleanest way for our state to meet its growing needs into its energy portfolio.

Thank you for considering our comments as you establish a path forward on this important issue.

Sincerely,

  
Sandy Bahr  
Chapter Director  
Sierra Club – Grand Canyon Chapter

/s/  
Tina Beattie  
Arizona Coordinator and National Director  
Republicans for Environmental Protection

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Diane Brown  
Executive Director  
Arizona PIRG Education Fund

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Tom Kociemba  
High Performance Building Team

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League of Women Voters of Arizona

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